

Top Executives

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Significant Points

- Top executives are among the highest paid workers; however, long hours, considerable travel, and intense pressure to succeed are common.
- The formal education and experience of top executives varies as widely as the nature of their responsibilities.
- Keen competition is expected because the prestige and high pay attract a large number of qualified applicants.
- Most government chief executives and legislators are elected; local government managers are appointed.

Nature of the Work

All organizations have specific goals and objectives that they strive to meet. Top executives devise strategies and formulate policies to ensure that these objectives are met. Although they have a wide range of titles—such as chief executive officer, chief operating officer, board chair, president, vice president, school superintendent, county administrator, or tax commissioner—all formulate policies and direct the operations of businesses and corporations, nonprofit institutions, governments, and other organizations.

A corporation's goals and policies are established by the *chief executive officer* in collaboration with other top executives, who are overseen by a board of directors. In a large corporation, the chief executive officer meets frequently with subordinate executives to ensure that operations are conducted in accordance with these policies. The chief executive officer of a corporation retains overall accountability; however, a chief operating officer may be delegated several responsibilities, including the authority to oversee executives who direct the activities of various departments and implement the organization's policies on a day-to-day basis. In publicly held and nonprofit corporations, the board of directors ultimately is accountable for the success or failure of the enterprise, and the chief executive officer reports to the board.

The nature of other high-level executives' responsibilities depends upon the size of the organization. In large organizations, the duties of such executives are highly specialized. Some managers, for instance, are responsible for the overall performance of one aspect of the organization, such as manufacturing, marketing, sales, purchasing, finance, personnel, training, administrative services, computer and information systems, property management, transportation, or the legal services department. (Some of these and other management occupations are discussed elsewhere in this section of the *Handbook*.)

In smaller organizations, such as independent retail stores or small manufacturers, a partner, owner, or general manager often is responsible for purchasing, hiring, training, quality control, and day-to-day supervisory duties.

Chief financial officers direct the organization's financial goals, objectives, and budgets. They oversee the investment of funds and manage associated risks, supervise cash management activities, execute capital-raising strategies to support a firm's expansion, and deal with mergers and acquisitions.

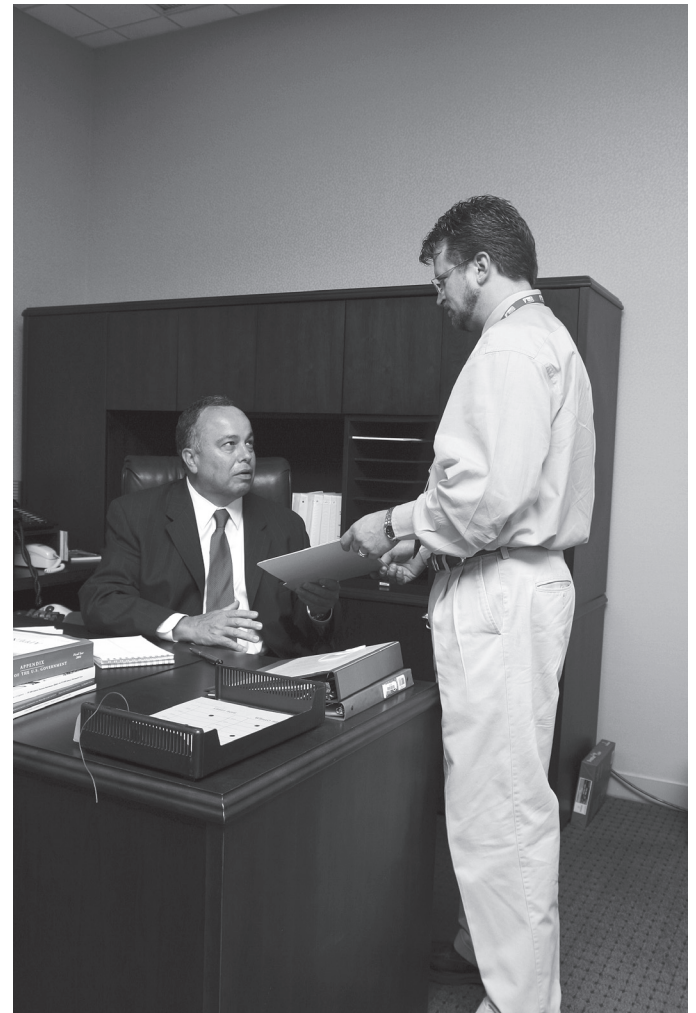
Chief information officers are responsible for the overall technological direction of their organizations. They are increasingly involved in the strategic business plan of a firm as part of the executive team. To perform effectively, they also need knowledge of administrative procedures, such as budgeting, hiring, and supervi-

sion. These managers propose budgets for projects and programs, and make decisions on staff training and equipment purchases. They hire and assign computer specialists, information technology workers, and support personnel to carry out specific parts of the projects. They supervise the work of these employees, review their output, and establish administrative procedures and policies. Chief information officers also provide organizations with the vision to master information technology as a competitive tool.

Chief executives and legislators at the Federal, State, and local levels direct government activities and pass laws that affect us daily. These officials consist of the President and Vice President of the United States; members of Congress; State governors and lieutenant governors; members of the State legislators; county chief executives and commissioners; city, town, and township council members; mayors; and city, county, town, and township managers. (Many small communities have top government officials who are volunteers and receive no salary. These individuals are not included in the employment or salary data cited in this *Handbook* statement.)

Most chief executives are elected by their constituents, but many managers are hired by a local government executive, council, or commission, to whom they are directly responsible. These officials formulate and establish government policy and develop Federal, State, or local laws and regulations.

Chief executives, government—like their counterparts in the private sector—have overall responsibility for the operation of their



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organizations. Working with legislators, they set goals and arrange programs to attain them. These executives also appoint department heads, who oversee the civil servants who carry out programs enacted by legislative bodies. As in the private sector, government chief executives oversee budgets and ensure that resources are used properly and that programs are carried out as planned.

Chief executive officers carry out a number of other important functions, such as meeting with legislators and constituents to determine the level of support for proposed programs. In addition, they often nominate citizens to boards and commissions, encourage business investment, and promote economic development in their communities. To do all of these varied tasks effectively, chief executives of large governments rely on a staff of highly skilled aides to research issues that concern the public. Executives who control small governmental bodies, however, often do this work by themselves.

Legislators are elected officials who develop, enact, or amend laws. They include U.S. Senators and Representatives, State senators and representatives, and county, city, and town commissioners and council members. Legislators introduce, examine, and vote on bills to pass official legislation. In preparing such legislation, they study staff reports and hear testimony from constituents, representatives of interest groups, board and commission members, and others with an interest in the issue under consideration. They usually must approve budgets and the appointments of nominees for leadership posts whose names are submitted by the chief executive. In some bodies, the legislative council appoints the city, town, or county manager.

General and operations managers plan, direct, or coordinate the operations of companies or public and private sector organizations. Their duties include formulating policies, managing daily operations, and planning the use of materials and human resources, but are too diverse and general in nature to be classified in any one area of management or administration, such as personnel, purchasing, or administrative services. In some organizations, the duties of general and operations managers may overlap the duties of chief executive officers.

Working Conditions

Top executives typically have spacious offices and numerous support staff. General managers in large firms or nonprofit organizations usually have comfortable offices close to those of the top executives to whom they report. Long hours, including evenings and weekends, are standard for most top executives and general managers, although their schedules may be flexible.

Substantial travel between international, national, regional, and local offices to monitor operations and meet with customers, staff, and other executives often is required of managers and executives. Many managers and executives also attend meetings and conferences sponsored by various associations. The conferences provide an opportunity to meet with prospective donors, customers, contractors, or government officials and allow managers and executives to keep abreast of technological and managerial innovations.

In large organizations, job transfers between local offices or subsidiaries are common for persons on the executive career track. Top executives are under intense pressure to succeed; depending on the organization, this may mean earning higher profits, providing better service, or attaining fundraising and charitable goals. Executives in charge of poorly performing organizations or departments usually find their jobs in jeopardy.

The working conditions of legislators and government chief executives vary with the size and budget of the governmental unit. Time spent at work ranges from a few hours a week for some local

leaders to stressful weeks of 60 or more hours for members of the U.S. Congress. Similarly, some jobs require only occasional out-of-town travel, while others involve long periods away from home, such as when attending sessions of the legislature.

U.S. Senators and Representatives, governors and lieutenant governors, and chief executives and legislators in municipalities work full time, year-round, as do most county and city managers. Many State legislators work full time on government business while the legislature is in session (usually for 2 to 6 months a year or every other year) and work only part time when the legislature is not in session. Some local elected officials work a schedule that is officially designated as part time, but actually is the equivalent of a full-time schedule when unpaid duties are taken into account. In addition to their regular schedules, most chief executives are on call to handle emergencies.

Employment

Top executives held about 2.7 million jobs in 2002. Employment by detailed occupation was distributed as follows:

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| General and operations managers | 2,049,000 |
| Chief executives | 553,000 |
| Legislators | 67,000 |

Top executives are found in every industry, but service-providing industries, including government, employ almost 8 out of 10.

Chief executives and legislators in the Federal Government consist of the 100 Senators, 435 Representatives, and the President and Vice President. State governors, lieutenant governors, legislators, chief executives, professional managers, and council and commission members of local governments make up the remainder.

Government chief executives and legislators who do not hold full-time, year-round positions often continue to work in the occupation that they held before being elected.

Training, Other Qualifications, and Advancement

The formal education and experience of top executives varies as widely as the nature of their responsibilities. Many top executives have a bachelor's or higher degree in business administration or liberal arts. College presidents typically have a doctorate in the field in which they originally taught, and school superintendents often have a master's degree in education administration. (For information on lower level managers in educational services, see the *Handbook* statement on education administrators.) A brokerage office manager needs a strong background in securities and finance, and department store executives generally have extensive experience in retail trade.

Some top executives in the public sector have a background in public administration or liberal arts. Others might have a background related to their jobs. For example, a health commissioner might have a graduate degree in health services administration or business administration. (For information on lower level managers in health services, see the *Handbook* statement on medical and health services managers.)

Because many top executive positions are filled by promoting experienced, lower level managers when an opening occurs, many top managers have been promoted from within the organization. In industries such as retail trade or transportation, for instance, it is possible for individuals without a college degree to work their way up within the company and become managers. However, many companies prefer that their top executives have specialized backgrounds and, therefore, hire individuals who have been managers in other organizations.

Top executives must have highly developed personal skills. An analytical mind able to quickly assess large amounts of information and data is very important, as is the ability to consider and evaluate the interrelationships of numerous factors. Top executives also must be able to communicate clearly and persuasively. Other qualities critical for managerial success include leadership, self-confidence, motivation, decisiveness, flexibility, sound business judgment, and determination.

Advancement may be accelerated by participation in company training programs that impart a broader knowledge of company policy and operations. Managers also can help their careers by becoming familiar with the latest developments in management techniques at national or local training programs sponsored by various industry and trade associations. Managers who have experience in a particular field, such as accounting or engineering, may attend executive development programs to facilitate their promotion to an even higher level. Participation in conferences and seminars can expand knowledge of national and international issues influencing the organization and can help the participants to develop a network of useful contacts.

General managers may advance to top executive positions, such as executive vice president, in their own firm or they may take a corresponding position in another firm. They may even advance to peak corporate positions such as chief operating officer or chief executive officer. Chief executive officers often become members of the board of directors of one or more firms, typically as a director of their own firm and often as chair of its board of directors. Some top executives establish their own firms or become independent consultants.

Apart from meeting minimum age, residency, and citizenship requirements, candidates for a legislative position have no established training or qualifications. Candidates come from a wide variety of occupations—such as lawyer, private sector manager or executive, or business owner—but many do have some political experience as staffers or members of government bureaus, boards, or commissions. Successful candidates usually become well known through their political campaigns and some have built voter name recognition through their work with community religious, fraternal, or social organizations.

Increasingly, candidates target information to voters through advertising paid for by their respective campaigns, so fundraising skills are essential for candidates. Management-level work experience and public service help to develop the fundraising, budgeting, public speaking, and problem-solving skills that are needed to run an effective political campaign. Candidates must make decisions quickly, sometimes on the basis of limited or contradictory information. They also should be able to inspire and motivate their constituents and staff. Additionally, they must know how to reach compromises and satisfy conflicting demands of constituents. National, State, and some local campaigns require massive amounts of energy and stamina, traits vital to successful candidates.

Virtually all town, city, and county managers have at least a bachelor's degree, and many hold a higher degree. A master's degree in public administration is recommended, including courses in public financial management and legal issues in public administration. Working in management support positions in government is a prime source of the experience and personal contacts required to eventually secure a manager position. For example, applicants often gain experience as management analysts or assistants in government departments, working for committees, councils, or chief executives. In this capacity, they learn about planning, budgeting, civil engineering, and other aspects of running a government. With

sufficient experience, they may be hired to manage a small government.

Generally, a town, city, or county manager is first hired by a smaller community. Advancement often takes the form of securing positions with progressively larger towns, cities, or counties. A broad knowledge of local issues, combined with communication skills and the ability to compromise, are essential for advancement in this field.

Advancement opportunities for elected officials are not clearly defined. Because elected positions normally require a period of residency and because local public support is critical, officials usually advance to other offices only in the jurisdictions where they live. For example, council members may run for mayor or for a position in the State government, and State legislators may run for governor or for the U.S. Congress. Many officials are not politically ambitious, however, and do not seek advancement. Others lose their bids for reelection or voluntarily leave the occupation. A lifetime career as a government chief executive or legislator is rare.

Job Outlook

Keen competition is expected for top executive positions, with the prestige and high pay attracting a large number of qualified applicants. Because this is a large occupation, numerous openings will occur each year as executives transfer to other positions, start their own businesses, or retire. However, many executives who leave their jobs transfer to other executive positions, which tend to limit the number of job openings for new entrants.

Experienced managers whose accomplishments reflect strong leadership qualities and the ability to improve the efficiency or competitive position of an organization will have the best opportunities. In an increasingly global economy, experience in international economics, marketing, information systems, and knowledge of several languages also may be beneficial.

Employment of top executives—including chief executives, general and operations managers, and legislators—is expected to grow about as fast as the average for all occupations through 2012. Because top managers are essential to the success of any organization, they should be more immune to automation and corporate restructuring—factors that are expected to adversely affect employment of lower level managers. Projected employment growth of top executives varies by industry, reflecting the projected change in industry employment over the 2002-12 period. For example, employment growth is expected to be faster than average in professional, scientific, and technical services and administrative and support services. However, employment is projected to decline in some manufacturing industries.

Few new governments at any level are likely to be formed, and the number of chief executives and legislators in existing governments rarely changes. However, some increase will occur at the local level as counties, cities, and towns take on professional managers or move from volunteer to paid career executives to deal with population growth, Federal regulations, and long-range planning.

Elections give newcomers the chance to unseat incumbents or to fill vacated positions. The level of competition in elections varies from place to place. There tends to be less competition in small communities that offer part-time positions with low or no salaries and little or no staff, compared with large municipalities with prestigious full-time positions offering high salaries, staff, and greater exposure.

Earnings

Top executives are among the highest paid workers in the U.S. economy. However, salary levels vary substantially depending upon the level of managerial responsibility, length of service, and type, size, and location of the firm. For example, a top manager in a very large corporation can earn significantly more than a counterpart in a small firm.

Median annual earnings of general and operations managers in 2002 were \$68,210. The middle 50 percent earned between \$45,720 and \$104,970. Because the specific responsibilities of general and operations managers vary significantly within industries, earnings also tend to vary considerably. Median annual earnings in the industries employing the largest numbers of general and operations managers in 2002 were:

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| Management of companies and enterprises | \$94,600 |
| Building equipment contractors | 74,550 |
| Depository credit intermediation | 68,110 |
| Local government | 60,470 |
| Grocery stores | 44,980 |

Median annual earnings of chief executives in 2002 were \$126,260. Median annual earnings in the industries employing the largest numbers of chief executives in 2002 were:

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| Management of companies and enterprises | \$145,600 |
| Architectural, engineering, and related services | 133,880 |
| Depository credit intermediation | 123,220 |
| Colleges, universities, and professional schools | 103,120 |
| Local government | 73,990 |

Salaries vary substantially by type and level of responsibilities and by industry. According to a survey by Abbott, Langer & Associates, the median income of chief executive officers in the non-profit sector was \$81,000 in 2003, but some of the highest paid made \$600,000.

In addition to salaries, total compensation often includes stock options, dividends, and other performance bonuses. The use of executive dining rooms and company aircraft and cars, expense allowances, and company-paid insurance premiums and physical examinations also are among benefits commonly enjoyed by top executives in private industry. A number of chief executive officers also are provided with company-paid club memberships, a limousine with chauffeur, and other amenities.

Median annual earnings of legislators were \$15,220 in 2002. The middle 50 percent earned between \$13,180 and \$38,540. The lowest 10 percent earned less than \$12,130, and the highest 10 percent earned more than \$69,380.

Earnings of public administrators vary widely, depending on the size of the governmental unit and on whether the job is part time, full time and year round, or full time for only a few months a year. Salaries range from little or nothing for a small-town council member to \$400,000 a year for the President of the United States.

The National Conference of State Legislatures reports that the annual salary for rank-and-file legislators in the 40 States that paid an annual salary ranged from \$10,000 to more than \$99,000 in 2003. In eight States, legislators received a daily salary plus an additional allowance for living expenses while legislatures were in session.

The Council of State Governments reports in its *Book of the States, 2002-2003* that gubernatorial annual salaries ranged from \$50,000 in American Samoa to \$179,000 in New York. In addition to a salary, most governors received benefits such as transportation and an official residence. In 2003, U.S. Senators and Representa-

tives earned \$154,700, the Senate and House Majority and Minority leaders earned \$171,900, and the Vice President was paid \$198,600.

Related Occupations

Top executives plan, organize, direct, control, and coordinate the operations of an organization and its major departments or programs. The members of the board of directors and lower-level managers also are involved in these activities. Many other management occupations have similar responsibilities; however, they are concentrated in specific industries or are responsible for a specific department within an organization. A few examples are administrative services managers, education administrators, financial managers, food service managers, and advertising, marketing, promotions, public relations, and sales managers.

Sources of Additional Information

For a variety of information on top executives, including educational programs and job listings, contact:

- American Management Association, 1601 Broadway, 6th Floor, New York, NY 10019. Internet: <http://www.amanet.org>
- Institute of Certified Professional Managers, James Madison University, MSC 5504, Harrisonburg, VA 22807. Internet: <http://cob.jmu.edu/icpm/>
- International Public Management Association for Human Resources, 1617 Duke St., Alexandria, VA 22314. Internet: <http://www.ipma-hr.org>
- National Management Association, 2210 Arbor Blvd., Dayton, OH 45439. Internet: <http://www.nma1.org>

Information on appointed officials in local government can be obtained from:

- Council of State Governments, P.O. Box 11910, 2760 Research Park Dr., Lexington, KY 40578-1910. Internet: <http://www.statesnews.org>
- National Association of Counties, 440 First St. NW., 8th Floor, Washington, DC 20001. Internet: <http://www.naco.org>
- National Conference of State Legislatures, 7700 East First Place, Denver, CO 80230. Internet: <http://www.ncsl.org>
- National League of Cities, 1301 Pennsylvania Ave. NW., Washington, DC 20004. Internet: <http://www.nlc.org>

For information on executive financial management careers and certification, contact:

- Financial Executives International, 200 Campus Dr., P.O. Box 674, Florham Park, NJ 07932-0674. Internet: <http://www.fei.org>
- Financial Management Association International, College of Business Administration, University of South Florida, 4202 East Fowler Ave., BSN 3331, Tampa, FL 33620-5500. Internet: <http://www.fma.org>